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BUSINESS ENVIRONMENT, CORPORATE IMAGE, COMPETITIVE STRATEGIES AND PERFORMANCE OF LARGE MANUFACTURING FIRMS IN KENYA

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Abstract

Firms' performance differs from firm to firm in the same industry with some firms achieving higher levels of performance than others which can be connected to the type of competitive strategies a firm adopts. The never-ending changes today calls for firms to continuously monitor their business environment with a view to creating strategies that will make them different from their competitors and improve their corporate image in the eyes of their customers. The study sought to determine how business environment and corporate image affect the relationship between competitive strategies and the performance of large manufacturing firms in Kenya. It was guided by positivist philosophy and a cross-sectional descriptive survey. The target population was large manufacturing firms in Kenya where a structured questionnaire was utilized to collect data. Regression analysis was used to test the hypotheses. The study found that the joint influence of competitive strategies, business environment and corporate image on performance of large manufacturing firms in Kenya was statistically significant. Manufacturing firms should adopt competitive strategies in response to business environment and craft strategies to enable them position themselves better than competitor. The firms can indirectly improve performance by maintaining a good corporate image also.

Key words: *Competitive Strategies, Business Environment, Corporate Image, Firm Performance, Large Manufacturing firms*

Introduction

Firms' performance differs from firm to firm in the same industry with some firms achieving higher levels of performance than others which can be connected to the type of competitive strategies a firm adopts. Competitive strategies are critical to firms irrespective of the size. This is due to globalization which has exposed firms in the developing countries to an intense competition. Competitive strategies are moves and approaches that firms possess and actions they take to attract buyers and withstand competitive pressure so that they gain a competitive advantage

Porter (2008) argues that strategy is what yields a competitive advantage in a company, and identifies cost leadership, differentiation, and focus as three bases on which a company can gain such an advantage (David, 2011). Firms that adopt cost strategy demand that the facilities are efficiently used and also firm adopt an aggressive structure. Competitive strategy therefore requires continuous adjustments and realignment to develop internal competences enabling firms to pre-empt changes in the business environment. The never-ending changes today calls for firms to continuously monitor their business environment with a view to creating strategies that will make them different from their competitors and improve their corporate image in the eyes of their customers. The environment of an organization according to Kotler & Keller (2012) consists of both internal and external environment that influences the formulation of business strategies in order to improve business performance. In this study, business environment was measured using complexity, dynamism and munificence. Dockel and Ligthelm (2015) assert that the business environment is vital for firms' survival and their performance. There is therefore the need for firms to explore success factors that can enhance their performance during the economic recession, downturn, and crisis in order to create an appropriate economic environment for their growth.

According to Bouchet (2014), corporate image is a state of mind that stakeholder's can have on the organization. This is what the various stakeholders hold as a mental picture in relation to their perception on the organization. It keeps changing. According to Kim et al. (2011) favourable image can boost a firm's sales, attract investors and employees and weaken the negative influence of competitors, enabling organizations to achieve higher levels of profit. The willingness to provide support or not by the stakeholders is influenced by the image they have for the firms. For example, if customers have a negative perception of the firm itself and its products, eventually they may stop buying the firm's product and eventually sales and profits are negatively affected. Therefore, each of the firm's stakeholder groups is likely to have fairly different perception of the firm since each is concerned mostly with different facet of its operations.

The manufacturing industry has been identified as key sector in achieving Kenya's growth strategy (KNBS, 2015). The Kenya vision 2030 economic pillar seeks to achieve prosperity through manufacturing sector by increasing Gross Domestic Product (GDP) to more than 10% and also create employment and facilitate foreign investment. Despite the low performance in GDP contribution manufacturing sector remains a very key sector or strategy for Kenya in order to boost economic outcomes. This study therefore is very important to Kenya government and to the manufacturers especially in policy making as demonstrated by the raft of proposed interventions for the sector over the years to make this sector competitive. The ways Kenya manufacturers choose and implement competitive strategies depend on the firms' resources, capability, creative thinking and skills of respective managers. These firms must endeavour to achieve a sustained competitive advantage and therefore achieve superior sustained performance in the long run. The competitive view of the firm is that, Kenyan manufacturing firm understanding and manipulating the factor that cause inequalities of firms can give a firm a sustained competitive advantage, leading to long term business success. These factors vary widely in firms even within similar industry and often calls for firms to be different.

Problem Statement

In today's rapidly changing economic and business environments organizations compete for customers, market share, revenue, with products and services that satisfy customer's needs (Dirisu et al. 2013). Raduan et al. (2014) acknowledges that, though there are many objectives a firm would want to achieve, the two major ones are; to achieve a sustained competitive advantage position and enhance their organization's performance in relation to that of their competitors. It therefore requires a firm to create a good corporate image as a very importance intangible resource and craft competitive strategies that would help them remain relevant in the eyes of their various stakeholders.

Given the role of the manufacturing sector on the national economy, the competitiveness of the industry is an important agenda in Kenya. Manufacturing firms in Kenya just like in other parts of the world have been experiencing challenges of having to cope with a lot of competition in the business environment. The sector contribution to Kenyan GDP has been stagnating at 10% for some time while the growth rate has gone down (KIPPRA, 2013). However, these firms are expected to play a very critical role in the growth of Kenya's economy in line with the aspirations of vision 2030 development agenda. This is by creation of employment; increase in foreign exchange and attracting foreign direct investment. Empirical studies have shown that formulating appropriate strategies can yield superior performance (Porter, 2012). A manufacturing firm with well formulated and implemented competitive strategies with a good corporate image can distinguish itself from its competitors and survive in a competitive environment.

A study by Khaled (2012) investigating the relationship between differentiation strategy and organizational performance where 33 industrial companies listed at Amman stock exchange by the beginning of 2010 were surveyed, result of multiple regression analysis indicated that differentiation strategy did significantly influence organizational performance of such companies. Goll and Rasheed (2004) studied business

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environment as a moderating factor in the relationship between corporate social responsibility and organizational performance. They hypothesized that, environmental munificence and dynamism exerted moderating influence on the relationship between discretionary social responsibility and firm performance. The study established that both dimensions of environment had moderating effect on the relationship.

Corporate image influence on firm performance has been researched but the manner in which it influences performance of firms is not very clear. A study by Dinnie and Wiedmann (2006) found out that a good corporate image significantly influenced customer being satisfied which eventually reduced buyer's defection. Alves and Raposo (2010) asserted that image had the highest influence on satisfying customer. From the empirical discussions, literature is not clear on what influences competitive strategy and performance relationship. There are various perspectives used to explain strategy-performance relationships. Further empirical studies on the relationship of competitive strategies on the firm performance of firms have indicated conflicting results. This enquiry therefore sought to respond to the question, how does business environment and corporate image impact competitive strategies-performance relationships of large manufacturing firms in Kenya?

Objective

The study aimed at determining how business environment and corporate image affect competitive strategies and performance of large manufacturing firms in Kenya.

Literature Review

The dynamic capability theory evolved from Resource Based Theory. Schilke (2014) asserts that dynamic capabilities concept is usually regarded as an extension of the recourse-based view. Dynamic capability theory originally was introduced by David Teece and Gary Pisano in 1994. According to (Teece et al. (1997), dynamic capability theory sets out to explain how competitive advantage is achieved. The approach explains the way firm develop particular competences due to the changes in the business environment. This is ultimately related to the organizational process, opportunities and market positions. It is concerned with how the firm is able to shape, reconfigure its competencies internally and externally. This is in an effort to alleviate risk associated to the dynamic environment (Eisenhardt & Martin, 2000).

A firm is said to be dynamic when capabilities are reorganized, reallocated in relation to the dynamic needs of the market. Depending on the resources and capability, skills available in the firm, choice and execution of competitive strategies can help the firm position themselves better. Manufacturing firms in Kenya therefore must be endeavor to be very effective than rivals by incorporating and reconfiguring their internal resources (corporate image in particular), abilities and all other capabilities to match necessities of the changing environment as they produce value to their stakeholders. This study adopted dynamic capability theory view that firms can identify their abilities to incorporate, figure and reconfigure their competences both internally and externally to address the dynamic business environment.

Studies have shown that external environment association to performance has different evidences and impacts. Lenz (1980) while investigating how the environment, strategy and organization structure influence performance, he found out those patterns of performance in one industry begins from association among various factors. The study found that neither the environment nor strategy or structure on its own was sufficient enough to explain the variance of firm performance and was based on a single hypothesis. Panel et al. (2012) when studying the link between the environment uncertainties and how it influenced strategy and performance relationship in the context of SMEs indicated that strategy and performance relationship was statistically significant. The study used SMEs classification for EUATTC (European Union and Association of Turkish Trade Chambers), utilizing 107 respondents who participated and were managers representing manufacturing and service sectors on the mainland. In the US, the respondents were attendees of a retail trades which was national totalling to 277 responses. The sample represented the three management levels with more women participating than men with various types of businesses included in the sample.

Rogoff, Lee and Suh (2004) in assessing business success acknowledged that factors internally and externally to the firm are critical. Barbero, Casillas and Feldman (2012) asserted that to establish a competitive position a firm strategy must be aligned to the firm's resources, competences and external environment. Hitt, Ireland and Hoskisson (2015) asserted that competitive strategies are the firm's strategy towards the external environment which includes competitors and customers. Environmental consideration treasures an important concept in business denoted to as the corporate image. Corporate image is considered to be the situation in which the (potential and actual customers) builds mental pictures of what the firm is all about. Corporate image is an important concept since these mental pictures build up progressively to generate an attitude which leads to potential or actual customers act either in favour or against a said firm. This is something that firms need to monitor closely since the sales for their existence come from these the customers (Heslin, VandeWalle, & Latham, 2005). This therefore means that corporate image is an important consideration in ensuring to firms.

According to Leitner and Guldenberg (2010) management practices and technologies which are up-to-date, tended to permit organization to differentiate products and cut costs. Rasheed and Kotulic (1995) establish that dynamic environment moderated strategic decision making process and performance of firms. The results indicated that those firms operating in an environment which was hostile reduced their innovativeness. Akgun et al. (2008) while studying whether environmental dynamism moderated the emotional capability of the firm and performance, the results showed that firm performance was affected the environment is dynamic. This included changes in industry, consumer tastes and preferences and competition.

Methodology

This study was guided by the positivistic philosophy and a cross sectional descriptive survey. The target population of the study was large manufacturing firms in Kenya which are 655 firms as categorized Kenya Association of manufacturers. Stratification sampling technique was utilized to divide the manufacturing firms into 13 sub-sectors forming a stratum. This was appropriate to enable the researcher represent the overall population and key sub-groups of the population.

The study adopted the formulae:

$\mathbf{N=t^2xp\ (1-p)/m^2}$

Where:

N is the size of population required for the study

t is the level of confidence which was at 95% (standard value of 1.96)

P is the projected percentage prevalence of population of interest -10%

m -margin of error - 5% (standard Value of 0.05)

The sample size (N) for the study was calculated as follows:

$N=1.96^2 0 .1(1-0.1) / 0.05^2$

$N=3.8146 \times {}^0.09 / 0.0025$

N=3.457/ 0.0025

N=138.2976=139 large manufacturing firms

The data used a structured questionnaire covering all the variables under study.

Multivariate regression was used to ascertain the independence of association, the research pursued to explore the presence of significant relationship between competitive strategies, business environment, corporate image variables and firm performance. The study adopted the formulae:

$y=\beta_0 {}_+ \beta_1 x_1 + \beta_x x_2 + \beta_3 x_3 + \ldots \beta_n x_n + \varepsilon$

Where: y = firm performance (dependent variable)

β_0 = Regression constant.

The coefficients β_1, β_2, β_3. β_n represents a measure of the variance in the dependent variable with reverence to a unit variance in an explanatory variable, holding other factors constant, ε = the error/disturbance term.

Results and Discussion

Descriptive statistics findings for the composite mean scores for competitive strategies, corporate image, business environment and performance indicators. Table 1 presents the findings of competitive strategies, corporate image, business environment and performance, means, standard deviations and covariance of variation.

Table 1: Summary of Descriptive Statistics for Competitive Strategies, Corporate Image, Business Environment and Performance Indicators

Variable	N	Mean	Standard Deviation	CV-%
Competitive Strategies	72	4.0272	.41782	10
Corporate Image	72	4.3495	.38063	8
Business Environment	72	3.7454	.47618	13
Firm Performance	72	3.8056	.74400	20

Table 1 shows that the mean of composite scores competitive strategies was 4.0272 with a standard deviation of 0.41782 with a covariance of 10%. The mean for corporate image was 4.3495, standard deviation of 0.38063 with a CV of 8. Business environment had a mean of 3.7454 ad std. dev. 0.47618 and CV of 13% and performance mean was 3.8056 and std. deviation of 0.744 and a CV of 20%.

Findings for Competitive Strategies Indicators

The participants were requested to rate themselves on the extent the statements given reflected the strategic choices their firm had to make, given the development in its external environment by ticking appropriately using the key (1 = Not at all, 2 = to a less extent 3 = to a moderate extent 4 = to a large extent 5 = to a very large extent). Table 2 presents the result.

Table 2: Descriptive Statistics for Competitive Strategies Indicators

Cost Strategy					
	N	**Mean**	**Std. Dev.**	**Variance**	**CV%**
We consistently seek for lower costs of production	72	4.33	.872	.761	20
The firm has been cutting down its operating costs over the years	72	4.18	.738	.544	18
The firm has been emphasizing on tight control on expenses	72	4.18	.811	.657	19
There has been emphasizes on price competition (this was by the organization offering competitive	72	4.13	.963	.928	23

prices)					
We have outsourced non-core activities to reduce costs	72	3.99	.831	.690	20
Management encourages recycling of wastes	72	3.94	.886	.786	25
In our organization, management do not encourage waste of resources	72	3.89	1.251	1.565	32
We are committed to sourcing raw materials from low cost suppliers	72	3.85	.833	.695	22
Our products are priced lower than our competitors	72	3.08	1.297	1.683	42
Differentiation Strategy					
Firm has Emphasis on producing high quality products	72	4.64	.539	.290	12
We build and maintain brand reputation	72	4.54	.918	.843	20
We provide products with many features	72	4.46	.711	.505	16
The firm has continuously developed and introduced new products to the market by our company	72	4.40	1.002	1.004	23
We have put in place strict product quality control procedures	72	4.40	.914	.835	21
Our products are rated premium quality by customers	72	4.36	.793	.628	18
Our employees are continuously trained on product and service quality management	72	4.32	.990	.981	23
Innovation is encouraged and rewarded by our company	72	4.24	.864	.746	20

The firm emphasized on quick delivery and response to customer orders	72	4.10	1.050	1.103	26
The company has been Refining existing products/services	72	3.90	1.090	1.188	28
Our services sets us apart from the competition	72	3.58	1.480	2.190	41
Focus strategy					
Our products target high end market	72	3.82	1.167	1.361	31
Our products are customized to the unique requirements of customers	72	3.78	1.270	1.612	34
Our company serves specially defined market segment	72	3.68	1.509	2.277	41
Our products are sold in specialty stores	72	3.42	1.563	2.444	46
Large share of our business is based on manufacturer by order (contract manufacturing)	72	3.11	1.029	1.058	33

The results presented in Table 2 indicated that among the items of competitive strategies used, the respondents felt that their firms had emphasis on producing high quality products. This is attained a mean of 4.64, standard deviation of 0.539 and CV of 12%. This meant that the respondents to a large extent felt that firm had emphasis on producing high quality products. This is an attempt to making the customer happy as they address the various customer requirements. Most respondents indicated that their firms adopted various competitive strategies response due to changes in the business environment. Therefore competitive strategies were important to the organizational performance of large manufacturing firms.

Descriptive Statistics for Business Environment

The respondents were required to indicate the influence of business environment in relation to decision making due the changes in the business environment. For each statement they were to provide a response by rating the statement as it applied to their organization using the Key: 1 = not at all; 2 = to a less extent; 3 = to a moderate extent; 4 = to a large extent; 5 = to a very large extent. The results are presented in Table 3.

Table 3: Descriptive Statistics of Business Environment

Environmental Complexity				
	N	**Mean**	**Std. Dev.**	**CV-%**
There are more products in our target market	72	4.53	.649	14
Participation in the industry requires high degree of knowledge sophistication	72	4.51	.605	13
There is need to increase the diversity in production methods and marketing strategies to accommodate customers differences	72	4.50	.692	15
There are wider varieties of production process in our industry	72	3.90	1.009	26
Changes in technology are fast and unpredictable	72	3.75	1.110	30
Market actions of key rivals have become far more intimidating	72	3.18	1.417	45
We cannot predict the tastes and preferences of customers in our principal market in recent years	72	2.76	.911	33
Growth of opportunities in the overall business environment have gone down	72	2.39	1.273	53
Environmental dynamism				
Changes are continuously taking place in the market	72	4.24	.927	22
competitor's sales strategies have changed	72	3.97	1.087	27
Changes in the market are tense	72	3.94	1.185	30
Volumes of products supplied to the market changes from time to time	72	3.69	1.206	33
There are changes in customer preferences for products and brands	72	3.68	1.173	32
Customers regularly ask for completely new products	72	3.43	.976	29
Market demand is relatively stable	72	3.03	.787	26

Within a year, nothing will have changed in the industry	72	2.75	1.412	51
Environmental Munificence				
	N	Mean	Std. Deviation	CV-%
Our investors are interested in the business we do	72	4.33	.822	19
The industry is rich in investment and marketing opportunities	72	4.33	.787	18
Growth in the industry is fast	72	4.14	.924	22
The business environment is receptive to new investors	72	4.07	.924	23
We can acquire resources within a short time	72	3.96	.863	22
Resources are abundant within the environment	72	3.78	.923	24
Our firms creativity count very little against the tremendous technological forces	72	3.72	1.313	35
There is minimal threat to the survival and well-being of the firm	72	3.29	.941	29

The results in Table 3 demonstrate that there were other products in the market. This is indicated by the mean of 4.53, standard deviation of 0.649 with a CV of 14%. This is an indication of intense competition in the market. The Item describing 'growth opportunities in the overall business environment declined' scored the lowest mean score was 2.39 and a standard deviation of 1.273 with a CV of 53%. This indicated a variation in the responses indication to a very large extent agreed that growth opportunities in the overall business environment had declined. Most of the respondent indicated that most of these statements had an influence to how decisions were made in their firms due to the business environment changes.

Descriptive Findings for Corporate Image

The respondents were asked to assess the organizational perceived image using the rating scale of 5 = as extremely favourable; 4 = as favourable; 3 = as indifferent; 2 = as unfavourable finally 1 = as extremely unfavourable the level of their agreement to the statement items. Tables 3 represent the results.

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Table 4: Descriptive Statistics for Corporate Image

	N	Mean	Std. Deviation	CV (%)
Good reputation	72	4.51	.581	13
The firm conserves the environment	72	4.46	.768	17
The firm has a strong brand name	72	4.46	.649	14
The firm Contribute to the society	72	4.39	.723	16
Employees have positive perception towards the firm	72	4.15	.725	18
The firm's location is conducive for me	72	4.13	.786	19

The Table 4 shows that the respondents favourably indicated that a good reputation was important to organization image. This was indicated by items scoring mean ranging from 4.13 to 4.46 with a standard deviation ranging from 0.581 to 0.786 and CV ranging from of 13% to 19%. This meant that there was little variation in responses. The items, 'firm conserving the environment 'scored a mean of 4.46, standard deviation of 0.768 and a CV of 17%. Followed by the item 'firm have a strong brand name' scoring 4.46, standard deviation of 0.649 and CV of 14% respectively. The item firm's location scoring the least mean of 4.13, a standard deviation of 0.786 with a CV of 19%, which meant the responses, differed about the location of the firms. Most respondents therefore indicated that corporate image was important to the large manufacturing firms.

Descriptive for Firm Performance

The Table 5 presents the results.

Table 5: Descriptive Statistics for Firm Performance

	N	**Mean**	**Standard Dev**	**CV %**
We often receive complimentary phone calls/ letters/ emails from our customers	72	4.10	1.103	27
Overall, the firm customers are contented with our products and services	72	4.08	.884	22

Customers are pleased with how the firm manages complaints	72	4.08	.960	24
Our customers are committed to doing business with us	72	4.08	1.045	26
Our return on asset is above the industry average	72	3.92	.746	19
We enjoy high financial liquidity in the industry	72	3.83	.822	22
Our rate of customer acquisition is above the industry average	72	3.71	.879	24
Our rate of customer retention is above industry average	72	3.71	.941	25
Firm's market share has grown significantly over the last 3 years	72	3.68	1.098	29
Our return on marketing is relatively high	72	3.64	1.214	33
Sales growth in our company is above the industry average	72	3.57	1.111	31
Our market costs have reduced over the last three years	72	3.57	1.330	37
Our overhead costs are lower than our peers in the industry	72	3.50	.993	28

Table 5 shows the Mean score ranging from 3.50 to 4.10. Most respondents indicated that their firm performance had improved. Most respondents indicated that 'firms often received complimentary phone calls/ letters/ email from their customers' hence the mean of 4.10 and 1.103 as the standard deviation. Item on the 'firm's customers being pleased with the firm products and services' scored a mean of 4.08, standard deviation of 0.884 and a CV value of 22% and the item that scored least was 'overhead costs lower than their peers in the industry' which averaged 3.50 with a standard deviation of 0.993 and a CV of 28%. Respondents of large manufacturing firms to a moderate extent indicated that they received complimentary phone calls/letters/emails from their customers, they also responded that to a 'large extent overall their customers were satisfied with their products and services'. They also indicated that to a large extent their overhead costs were lower than their peers in the industry.

The study sought to establish whether business environment and corporate image affect competitive strategies and performance of large manufacturing firms in Kenya and the hypothesis followed that **H_1:** The joint effect of competitive Strategies, Business Environment and Corporate Image is greater than the individual predictors on Organizational Performance of Large Manufacturing Firms in Kenya.

Table 6 presents a summary of regression results of how business environment and

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corporate image affect competitive strategies and organizational performance.

Table 6: Joint influence Analysis of Competitive Strategies, Business Environment, and Corporate Image on Organizational Performance

Model Summary[d]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.328[a]	.108	.095	.69872	.108	8.445	1	70	.005	
2	.496[b]	.246	.224	.64684	.139	12.677	1	69	.001	
3	.874[c]	.765	.751	.36684	.518	73.768	2	67	.000	2.445

a. Predictors: (Constant), Competitive strategies

b. Predictors: (Constant), Competitive strategies, Business environment

c. Predictors: (Constant), Competitive strategies, Business environment, Corporate Image, Business environment

d. Dependent Variable: Performance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.123	1	4.123	8.445	.005[b]
	Residual	34.174	70	.488		
	Total	38.297	71			
2	Regression	9.427	2	4.714	11.266	.000[c]
	Residual	28.870	69	.418		
	Total	38.297	71			
3	Regression	29.281	4	7.320	54.398	.000[d]
	Residual	9.016	67	.135		
	Total	38.297	71			

a. Dependent Variable: Performance

b. Predictors: (Constant), Competitive strategies

c. Predictors: (Constant), Competitive strategies, Business environment

d. Predictors: (Constant), Competitive strategies, Business environment, Corporate Image, Business environment

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.633	.501		3.257	.002		
	Competitive strategies	.437	.150	.328	2.906	.005	1.000	1.000
2	(Constant)	.849	.514		1.654	.103		
	Competitive strategies,	.088	.170	.066	.517	.607	.669	1.496
	Business environment	.630	.177	.455	3.561	.001	.669	1.496
3	(Constant)	.167	.303		.550	.584		
	Competitive strategies,	-.024	.097	-.018	-.246	.807	.659	1.518
	Business environment,	.256	.105	.185	2.438	.017	.608	1.644
	Corporate Image	.229	.063	.306	3.636	.001	.496	2.015

a. Dependent Variable: Performance

The results displayed in Table 6 reveal that the joint effect of competitive strategies, business environment and corporate image on performance was statistically significant. The results show that jointly the variables explain 76.5% of the variations in firm performance (R^2 = .765). Therefore, the hypothesis was supported by the results of the study. The results show that competitive strategies in model1 explain 10.8% of the variation in firm performance. Competitive strategies and business environment jointly explain 24.6% of the variations in performance (R^2 = .246). Competitive strategies, business environment and corporate image jointly explain 76.5% of the variations in firm performance (R^2 = .765). The joint effect was thus higher and significant compared to the individual effect of individual variables therefore supporting the hypothesis.

These findings were found to be in agreement with Aosa (2011) who found out those firms in Kenya indeed adopted strategy. Arasa and K'Obonyo (2012) found out that strategy positively related to firm performance. This was however contradicted by Machuki and K'Obonyo (2011) who researched in a similar content and established that corporate strategy did not have a significant influence on performance. Supporting this notion is Teece et al. (1997) in his model of dynamic capability theory which asserts that the ability of firms to integrate and reconfigure these capabilities to address the ever changing environment both internally and externally is very crucial. This is a confirmation that all manufacturing firms at one time have to face the many challenges and multiple of factors in an effort to improve on their firm performance.

Conclusion and implications

The hypothesis is that competitive strategies, business environment and corporate image had a larger influence than individual influence on firm performance. The hypothesis was significant. This means that when the variables are put together the relationship becomes statistically significant. This means that manufacturing firms may have to consider all variables together to perform, meaning all variables contribute synergistically and therefore important to the manufacturing fraternity.

The manufacturing firms in Kenya should proactively search on how to improve on carrying out task and providing of market activities like through usage of the Internet to gain relevant information on the market. This may certainly need the managers to pay close attention to maintain proper communication with other areas/functions in the firm organization while also collecting marketing intelligence about rivals and buyers/customer. The managers of manufacturing firms may also need to identify and gather useful information and should be able to understand and draw useful and well-timed deductions from rival's data. Equally, the firm should be able to learn from mistakes which are a significant aspect in the growth of firm success.

This study has supported the relationship between strategic responses embraced by organizations and their influence on firm's success. This is in line with Barney (2001) who indicates that a firm's capability and responses contribute to the performance based on the business environment. The study supports Porter (2008) model that firms must make appropriate game plans in order to be ahead of rivals by adopting generic strategies. The study however contributes to theory in that firms adopting cost can attain superior performance. The study notes that the key to these strategies is the ability for firms to differentiate themselves from rival.

This can be achieved through manufacturing unique products and services which help the firm's position favorably in the market.

The study has shown clearly that firms operate in a dynamic environment (open system) and hence their performance is subject to those changes. The policies and action of the industry can determine the firm's profitability. Industrial organization economic theory view through structure-conduct can be adopted to help determine the origin of what prompts a firm to adopt any response. Competitive strategies and the correspondence response/outcome/performance depend upon specific capabilities and how the organization responds to the needs of the stakeholders and adapt to the environmental changes (Felin & Foss, 2009). Cost leadership oriented to competitor orientation which could be matched strategically to produce better performance can be adopted. This study has advanced a conceptual framework to enhance large manufacturing firm performance through competitive strategy.

Business environment manifestations in conjunction with competitive strategies, and corporate image jointly influence on the performance of firms. To policy makers in manufacturing sectors in Kenya, several suggestions that are beneficial to that process are available here in this study. Kenya manufacturing sector is critical to the contribution to Kenya's GDP and achieving the 2030 Vision. The findings show that competitive strategies significantly influence performance of large manufacturers. Management of large manufacturing firms need to strengthen their manufacturing technologies, marketing and also their human capital in line of the changes in the environment. Policy makers should develop policies that are flexible due to the dynamic environment.

Recommendations regarding the use of various competitive strategies to ensure that firms adopt the strategies which will ensure that they can assist their firm perform in the long run. Finally the government and other bodies will also find guidance in this study when making policies to enable this sector to be competitive against other countries products which are now available in our market. The government should also offer training to manufacturers on strategic thinking and appreciating the environment they operate in as it presents many opportunities and threats that need to be responded to appropriately.

The finding of this study implies that managers particularly with respect to decision making and scope of operation need to understand the implication of their decisions in terms of cost management, product quality and development. They also need to check their processes, customer satisfaction and finally employee satisfaction. A happy employee will always serve the customer well and the vice versa. The large manufacturing firms in Kenya are encouraged to craft competitive strategies in relative to the external environment changes (Busch, 2011). This will allow them to utilize their resources better to achieve firm performance. The findings show that among Porters (1980) framework of competitive strategies focus, cost and differentiation strategies are important to large manufacturer's performance in Kenya. In order to survive in the current economy, large manufacturers must pursue cost leadership strategy, focus and differentiation strategies to increase their organizational performance.

The findings can assist management of the manufacturing firms to have a base from which they can refer when thinking about responses relative to their situation. Competitive strategies can address those constraints which could lead to under-utilization and under-productivity in this sector. In regard to better quality products and services they need to utilize research in order to understand the customer as an important stakeholder. This in endeavoring to satisfy the customer's needs and wants profitably by producing unique and valuable products. The managers need to address the inefficient use of technology to a verse internal weakness.

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